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## IFI Reform: IMF Reform [25]

### Commitment [#25]:

*“We will expeditiously implement in full the 2010 quota and governance reform of the IMF.”  
Cannes Summit Final Declaration*

### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil			+1
Canada	-1		
China			+1
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey			+1
United Kingdom			+1
United States	-1		
European Union			+1
Average Score		+0.5	

### Background:

On 15 December 2011, the IMF’s Board of Governors approved a package of reforms of the Fund’s quotas and governance as part of the 14th General Review of Quotas.<sup>850</sup> Once approved, the package will result in both a 100% increase in total quotas and major shifts of quota shares to reflect the shifting weights of the member countries in the world economy. Additionally, the reforms will change the size and composition of the Executive Board of the IMF.<sup>851</sup>

Quota shares are central to the IMF’s financing. Each member country is assigned a quota, calculated as a function of its relative position in the global economy. A member’s assigned quota determines the country’s maximum financial commitment to the IMF, its voting power as well as the degree of the country’s access to the IMF’s financial resources.<sup>852</sup>

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<sup>850</sup> Factsheet: IMF Quotas, International Monetary Fund (Washington) 13 September 2011. Date of Access: 7 February 2012. <http://www.imf.org/external/np/exr/facts/quotas.htm>.

<sup>851</sup> IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012. <http://www.imf.org/external/np/sec/pr/2010/pr10418.htm>.

<sup>852</sup> Factsheet: IMF Quotas, International Monetary Fund (Washington) 13 September 2011. Date of Access: 7 February 2012. <http://www.imf.org/external/np/exr/facts/quotas.htm>.

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The reform package is the most recent development in a series of reforms. Specifically, it builds on the 2008 reform package, which came into power on 3 March 2011. The entire series of reforms aims to reinforce the representation of dynamic economies through quota increases for 54 member countries and strengthen the participation of low-income countries.<sup>853</sup>

Specifically, the 14th General Review of Quotas will: double quotas from SDR238.4 billion to SDR476.8 billion; shift 6% of quota shares from over-represented to under-represented countries; shift 6% of quota shares to dynamic emerging markets and developing countries (EMDCs); and ensure the quota and voting shares of the poorest member countries, defined as member countries which are eligible to borrow from the Poverty Reduction and Growth Trust (PRGT) and whose per capita income fall below US\$1,135,000 in 2008, or twice that amount for small countries.<sup>854</sup>

The shifts in quota and voting shares will result in a major realignment of weights of the IMF member countries: once the reforms become effective, China will for instance become the third largest shareholder and four EMDCs — China, Brazil, India, and Russia — will be amongst the ten largest members.

Table 9 details the pre-Singapore quota and voting shares, the 2008 post-second round quota and voting shares, as well as the newly proposed quota and voting shares under the 2010 Reform of every G20 member.

The IMF's ongoing effort to fairly reflect the allocation of world economic weights results in a continuous revision of the quota formula. A comprehensive review of the formula, which was utilized in the 14th General Review of Quotas, is anticipated to be completed in January 2013. The reform package will also alter the size and composition of the Executive Board of the IMF. The Executive Board is currently made up of 24 Directors, with five Directors appointed and 19 elected by member countries, and the Managing Director which serves as the Board's chair.<sup>855</sup>

The governance reform will specifically:

- (1) Maintain the size of the Executive Board at 24 members and call for a revision of the Board's composition every eight years;
- (2) Call for the advanced European countries to reduce their combined Board representation by two chairs;
- (3) End the category of appointed Executive Directors, thus leaving an all-elected Executive Board;
- (4) Allow the appointment of second Alternative Executive Directors to enhance the representation of multi-country constituencies.<sup>856</sup>

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<sup>853</sup> The IMF's 2008 Quota and Voice Reforms Take Effect, International Monetary Fund (Washington) 3 March 2011. Date of Access: 7 February 2012.

<http://www.imf.org/external/np/sec/pr/2011/pr1164.htm>.

<sup>854</sup> IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012.

<http://www.imf.org/external/np/sec/pr/2010/pr10418.htm>.

<sup>855</sup> IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012.

<http://www.imf.org/external/np/sec/pr/2010/pr10418.htm>.

<sup>856</sup> IMF Executive Board Approves Major Overhaul of Quotas and Governance, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 February 2012.

<http://www.imf.org/external/np/sec/pr/2010/pr10418.htm>.

**Table 9: International Monetary Fund Quota and Voting Shares**

Country	Quota share %			Voting share %		
	Pre-Singapore	Post-second round	2010 proposed	Pre-Singapore	Post-second round	2010 proposed
Argentina	0.990	0.888	0.669	0.981	0.869	0.661
Australia	1.514	1.358	1.379	1.494	1.312	1.332
Brazil	1.420	1.783	2.316	1.402	1.714	2.218
Canada	2.980	2.672	2.313	2.928	2.554	2.215
China	2.980	3.996	6.394	2.928	3.806	6.071
France	5.024	4.505	4.228	4.929	4.286	4.025
Germany	6.086	6.110	5.588	5.968	5.803	5.310
India	1.945	2.442	2.751	1.916	2.337	2.629
Indonesia	0.973	0.872	0.975	0.964	0.854	0.951
Italy	3.301	3.306	3.162	3.242	3.154	3.017
Japan	6.228	6.556	6.464	6.108	6.225	6.138
Korea	0.764	1.412	1.800	0.760	1.364	1.731
Mexico	1.210	1.521	1.869	1.196	1.467	1.796
Russia	2.782	2.494	2.706	2.734	2.386	2.587
Saudi Arabia	3.268	2.930	2.080	3.210	2.799	1.995
South Africa	0.874	0.784	0.640	0.867	0.770	0.634
Turkey	0.451	0.611	0.977	0.453	0.607	0.953
United Kingdom	5.024	4.505	4.228	4.929	4.286	4.025
United States	17.380	17.670	17.428	17.023	16.727	16.498

The endorsed reform package calls for the reform of the quota and voting shares to be implemented by October 2012, and the Executive Board reform to take effect by late 2012.

**Commitment Features:**

The commitment unambiguously calls for the full implementation of both the quota and governance components of the IMF reform. In order to comply with the commitment, the member must hence accept or formally declare its intent to accept both the shift in quota shares as well as the reform of the Executive Board by the Annual Meeting of the Board of Governors in October 2012. A country which only accepts or formally declares its intent to accept one of the two components of the IMF reform will partially comply with the commitment. A country that does not approve or formally declare its intent to approve any of the two components of the reform will not comply with the commitment.

**Scoring:**

-1	Member does not accept the shifting of the quota shares AND the re-shuffling of the Executive Board.
0	Member accepts the shifting of the quota shares OR the re-shuffling of the Executive Board.
+1	Member accepts both the shifting of the quota shares AND the re-shuffling of the Executive Board.

*Lead Analyst: Vera Gavrilova  
Co-director of Compliance: Krystal Montpetit*

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### **Argentina: -1**

Argentina has not complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Argentina has not formally accepted the shifting of the quota shares or the re-shuffling of the Executive Board.<sup>857</sup>

On 16 April 2011, President of Banco Central de Chile José De Gregorio speaking on behalf of Argentina at the Twenty-Third Meeting of the IMFC on the matter of the 2008 round of the IMF reforms said: “After the approval of the quota and governance reform package late last year, we support the timeline for implementation by the 2012 Annual Meetings.”<sup>858</sup>

However, the Government of Argentina has issued no official statement about its position on the 2010 quota and the governance reforms.

On 21 April 2012, Minister of Economy and Public Finance of Argentina Hernán Lorenzino explained the delay in ratification of the reforms by slow motion of the legislative system: “Most countries, as our constituency members [Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay], are doing their utmost to achieve progress on the 2010 quota and governance reform but in many cases it depends of forces that are beyond the Fund or countries’ good will. [...] In the case of parliament approval of the 2010 quota and governance reform, each country’s executive power can only submit the law project and wait for the decision of the legislative power; the political party in power could instruct its legislators to accelerate the steps but this intervention is sometimes counterproductive.”<sup>859</sup>

For Argentina, the 2010 quota reform will entail a decrease in quota shares from its pre-Singapore level of 0.99% and its post-Second Round level of 0.888% to a new level of 0.669%<sup>860</sup> as well as a decrease in its voting shares from a pre-Singapore level of 0.981% and a post-Second Round level of 0.869 to a new level of 0.661%.<sup>861</sup>

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<sup>857</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 11 March 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>858</sup> Statement by José De Gregorio President, Banco Central de Chile, Chile on behalf of Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay at the Twenty-Third Meeting of the IMFC, International Monetary Fund (Washington) 16 April 2011. Date of Access: 12 March 2012. <http://www.imf.org/External/spring/2011/imfc/statement/eng/chl.pdf>.

<sup>859</sup> Statement by Hernán Lorenzino Minister of Economy and Public Finance, Argentina On behalf of Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012. <http://www.imf.org/External/spring/2012/imfc/statement/eng/arg.pdf>.

<sup>860</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>861</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

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Argentina was not supportive of the previous round of IMF reforms, not complying with the previous round of the IMF reforms, the Amendment on Voice and Participation as well as Amendment to Expand the Fund's Investment Authority.<sup>862</sup>

Argentina has not formally accepted the 2010 quota or the governance reforms. Thus Argentina is awarded a score of -1.

*Analyst: Jordan Rivera and Vera Gavrilova*

**Australia: +1**

Australia has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Australia has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.

As of 13 December 2011, Australia had officially accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>863</sup> By doing so, Australia has consented to a decrease in its quota shares from a pre-Singapore level of 1.514%, but an increase from its post-Second Round level of 1.358% to a new level of 1.379%, as well as a decrease in its voting shares from a pre-Singapore level of 1.494, but an increase from a post-Second Round level of 1.312% to a new level of 1.332%.<sup>864</sup> Although nearly doubling the absolute amount of its quota shares from SDR3.3 billion to SDR6.6 billion, Australia's proportion of quota shares will decline as dynamic emerging market and developing countries gain extra quota shares and Australia go from being the fifteenth largest IMF shareholder to being the seventeenth largest one.<sup>865</sup>

In November 2011, Australia, alongside South Africa, co-chaired the G20's IMF Working Group which laid the groundwork for the IMF quota and governance reforms delivered by G20 Leaders at the Seoul Summit.<sup>866</sup> On 23 September 2011, at the 2011 Annual Meeting of the World Bank Group and 3[the IMF, Mr. Wayne Swan, Governor of the World Bank and the IMF for Australia and Deputy Prime Minister of Australia, expressed his support for the quota and governance reforms: "Australia welcomes the significant reforms that increase the flexibility and resourcing of IMF programs and lending instruments for low-income countries."<sup>867</sup> Mr. Swan added that Australia considers the timely implementation of the quota and governance reforms a key priority.

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<sup>862</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 11 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>863</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>864</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>865</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>866</sup> The G20, Australian Government, Department of Foreign Affairs and Trade (Sydney). Date of Access: 6 March 2012. [www.dfat.gov.au/trade/g20/index.html](http://www.dfat.gov.au/trade/g20/index.html).

<sup>867</sup> Statement by the Hon. Wayne Swan, Governor of the Bank and the Fund for Australia, International Monetary Fund (Washington) 23 September 2011. Date of Access: 6 March 2012. [www.imf.org/external/am/2011/speeches/pr41e.pdf](http://www.imf.org/external/am/2011/speeches/pr41e.pdf).

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On 21 April 2012, Mr. Swan reiterated Australia's supportive position of the IMF reform at the Twenty-Fifth Meeting of International Monetary and Financial Committee: "For the Fund to remain credible, legitimate and relevant, we must look beyond our individual short term interests to maintain the momentum of IMF governance reform. We must complete the 2010 quota and governance reforms by the annual meetings in October. We must deliver on our commitment to revise the quota formula by January 2013, by introducing a new formula that is credible, robust and broadly accepted, and that better captures the changing global economic dynamics."<sup>868</sup>

Australia has spoken in favour of the underlying principle of the governance reform, which calls for selecting leaders of the IMF on the basis of greater transparency and a merit-based approach. "In order to maintain trust, credibility and legitimacy in the eyes of its stakeholders, there must be an open and transparent selection process which results in the most competent person being appointed as managing director, regardless of their nationality,"— spoke Mr. Swan on the matter on the 2011 elections of the IMF's Managing Director.<sup>869</sup>

Australia was supportive of the previous rounds of the reforms: on 9 September 2009, Australia consented to both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority.<sup>870</sup>

Australia has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and hence has fully complied with the commitment on the 2010 quota and governance reform. Thus Australia is awarded a score of +1.

*Analyst: Vitali Selivanov*

**Brazil: +1**

Brazil has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Brazil accepted the shifting of the quota shares and the Executive Board governance reform.<sup>871</sup>

According to the IMF as of 12 June 2012, Brazil had officially accepted both the shift in quota shares and the governance reform.<sup>872</sup> With the proposed realignment in quota and voting shares,

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<sup>868</sup> Statement by Mr. Wayne Swan, Governor of the Bank and the Fund for Australia, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. <http://www.imf.org/External/spring/2012/imfc/statement/eng/aus.pdf>.

<sup>869</sup> Joint Statement by South African Finance Minister Pravin Gordhan and Australian Deputy Prime Minister and Treasurer Wayne Swan, on the Selection Process of the Managing Director of the IMF, Ministry of Finance of The Republic of South Africa (Johannesburg) 22 May 2011. Date of Access: 6 March 2012. [http://www.treasury.gov.za/comm\\_media/press/2011/2011052201.pdf](http://www.treasury.gov.za/comm_media/press/2011/2011052201.pdf).

<sup>870</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>871</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>872</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

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Brazil will experience a sharp increase in its quota shares from a pre-Singapore level of 1.420% and a post-Second Round level of 1.783% to a new level of 2.316%, as well as an increase in its voting shares from a pre-Singapore level of 1.402% and a post-Second Round level of 1.714 to a new level of 2.218%.<sup>873</sup>

On 9 October 2010, at the Twenty-Second Meeting of the International and Monetary Financial Committee (IMFC), Minister of Finance of Brazil Guido Mantega spoke extensively on the matter of the quota and voting shares and governance reforms of the IMF.<sup>874</sup> Mr. Mantega emphasized that “the realignment of quota shares remains the centerpiece of IMF reform.” Mr. Mantega explained that Brazil maintains that “[the] main focus should remain the shift in quotas and voting power from advanced countries to EMDCs.” Mr. Mantega expressed Brazil’s dissatisfaction with the 2008 round of reforms. Specifically, he pointed that, although Brazil ranks among the top ten economies according to the 2009 data, it “will only reach the 14<sup>th</sup> position in the ranking of quota shares in the Fund after the 2008 quota and voice reform enter into force.” Mr. Mantega announced that Brazil hopes “the current [2010] quota review to result in a 5 to 6 percentage point net shift in quota shares from advanced countries to EMDCs [...]”

Moreover, Mr. Mantega welcomed the governance reform: “We favor an enhancement of the relative representation of EMDCs in the Board, while preserving its current size.” However, Mr. Mantega expressed concerns that “changes in Board composition would have little effect if it were not accompanied by an increase in the voting power of chairs held by EMDCs.” Finally, Mr. Mantega called on the IMF members to “depart from the obsolete practice of reserving the position of Managing Director to a European national and that of the President of the World Bank to a US national” and to implement an election “on the basis of an open and merit-based process.”<sup>875</sup>

On 16 April 2011, at the Twenty-Third Meeting of the IMFC, Mr. Mantega criticized the slow pace of the acceptance of the quota and governance reforms by the IMF members: “A few advanced countries continue to have a disproportionate weight in the Fund’s governance. The agreement on quota and governance reform adopted by the IMF Board of Governors last year is a positive step. However, roughly four months after the adoption of this reform, only ten countries — three of them from our constituency — have accepted the proposed amendment on the reform of the Executive Board.” Mr. Mantega called “the attempts to repair the Fund’s longstanding legitimacy deficit” slow and insufficient. Mr. Mantega urged the IMF and the member countries

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<sup>873</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.  
<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>874</sup> Statement by Guido Mantega, Minister of Finance, Ministerio da Fazenda, Brazil On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago at Twenty-Second Meeting of the International and Monetary Financial Committee, International Monetary Fund (Washington) 9 October 2010. Date of Access: 7 March 2012.  
<http://www.imf.org/External/AM/2010/imfc/statement/eng/bra.pdf>.

<sup>875</sup> Statement by Guido Mantega, Minister of Finance, Ministerio da Fazenda, Brazil On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago at the Twenty-Second Meeting of the International and Monetary Financial Committee, International Monetary Fund (Washington) 9 October 2010. Date of Access: 7 March 2012.  
<http://www.imf.org/External/AM/2010/imfc/statement/eng/bra.pdf>.

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to “deploy efforts to ensure that the 2010 reform comes into effect no later than the 2012 Annual Meetings.”<sup>876</sup>

On 22 September 2011, Brazil, along with the other BRICS countries, reiterated its concern with “the slow pace of quota and governance reforms in the IMF” and their implementation, which is “now lagging.” The BRICS urged for the 15<sup>th</sup> General Review of Quota and to “move ahead with the comprehensive review of the quota formula by January 2013 and the completion of the next review of quotas by January 2014.”<sup>877</sup>

On 26 February 2012, Mr. Mantega announced that the emerging markets and developing countries are ready to continue to provide financing and loans to Europe to prevent the spread of the European debt crisis, but “will only help under two conditions; first that they strengthen their firewall and second for the IMF [voting rights] reform be implemented.”<sup>878</sup>

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.<sup>879</sup> The BRICS group appeared especially frustrated with the United States, the largest contributor to the Fund’s resources, delaying the ratification of the reform.<sup>880</sup>

On 21 April 2012, at the International Monetary Fund’s steering committee, Mr. Mantega repeatedly signalled his dissatisfaction with the quotas representation of dynamic developing economies in the IMF’s executive board and reiterated that the IMF needs to rebalance its quota systems. Mr. Mantega pointed out that Brazil is “the world’s sixth-largest economy” has “voting powers equivalent to the much tinier Netherlands.”<sup>881</sup> He emphasized that “the BRICS unanimously agreed to support the IMF” but that they have not planned to unveil the amounts that they we will make available.<sup>882</sup> Mr. Mantega, speaking on behalf of China, Russia, India and Brazil confirmed that the IMF contributions will be announced “at the Los Cabos meeting in

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<sup>876</sup> Statement by Guido Mantega Minister of Finance, Ministerio da Fazenda, Brazil On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago at the Twenty-Third Meeting of the International and Monetary Financial Committee, International Monetary Fund (Washington) 16 April 2011. Date of Access: 7 March 2012. <http://www.imf.org/External/spring/2011/imfc/statement/eng/bra.pdf>.

<sup>877</sup> Intergovernmental Group Of Twenty-Four On International Monetary Affairs And Development Communiqué, International Monetary Fund (Washington) 22 September 2011. Date of Access: 3 March 2012. <http://www.imf.org/external/np/cm/2011/092211.htm>.

<sup>878</sup> Brazil wants more IMF power for extra Eurozone funds, BBC News Business (London) 26 February 2012. Date of Access: 7 March 2012. <http://www.bbc.co.uk/news/business-17170157>.

<sup>879</sup> Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012. <http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html>.

<sup>880</sup> G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 4 May 2012. <http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420>.

<sup>881</sup> Brazil blasts Europe, US dominance at IMF, The Economic Times (Washington) 20 April 2012. Date of Access: 25 April 2012. [http://articles.economictimes.indiatimes.com/2012-04-20/news/31374076\\_1\\_quota-share-economies-guido-mantega](http://articles.economictimes.indiatimes.com/2012-04-20/news/31374076_1_quota-share-economies-guido-mantega).

<sup>882</sup> Highlights-G20, IMF/World Bank meetings in Washington, Thomson Reuters (Washington) 20 April 2012. Date of Access: 24 April 2012. <http://www.reuters.com/article/2012/04/20/g-idUSL2E8FJJ9O20120420>.

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June.” When asked why the BRICS are not announcing contribution to the IMF now, Mr. Mantega explained that “emerging countries are generally poorer than advanced economies, and it’s always difficult to explain why you’re giving money that will benefit a rich country.”<sup>883</sup> He pointed that the money is conditioned to “the completion of the IMF’s quota reform so that emerging countries have larger representation” and he argued that voting within the fund should be proportional to the countries’ output.

Under the quota reform, Brazil is expected to ascend to the top ten shareholders of the IMF, meriting the position of tenth largest IMF shareholder, with the second largest increase in quota shares amongst all IMF members.<sup>884</sup>

Brazil has accepted the shifting of the quota shares but has not formally accepted the governance reform. Thus Brazil is awarded a score of 0.

*Analysts: Gaston Alegre, Vera Gavrilova, and Alexandra Popa*

### **Canada: -1**

Canada has not complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Canada has not formally accepted neither the shifting of the quota shares nor the re-shuffling of the Executive Board.

According to the IMF as of 12 June 2012, Canada has not officially consented to either the quota shares or the governance reform of the IMF.<sup>885</sup>

However, on both 16 April 2011 and 24 September 2011, at the Twenty-Third and Twenty-Forth Meetings of the International Financial and Monetary Committee, Minister of Finance of Canada James Flaherty announced that Canada “[was] firmly behind the new quota and governance reform agreement, as it [constituted] a significant deliverable for the IMF and the G-20, which delivered on its commitment to reach a new quota deal by January 2011.”<sup>886</sup> In his September statement, Mr. Flaherty assured that “throughout 2011, Canada should begin the necessary domestic legislative steps to bring the new quota agreement into effect, and should encourage

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<sup>883</sup> Highlights-G20, IMF/World Bank meetings in Washington, Thomson Reuters (Washington) 21 April 2012. Date of Access: 24 April 2012. <http://www.reuters.com/article/2012/04/21/g-idUSL2E8FL1OC20120421>.

<sup>884</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 7 March 2012. [www.imf.org/external/pp/longres.aspx?id=4501](http://www.imf.org/external/pp/longres.aspx?id=4501).

<sup>885</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>886</sup> Statement prepared for the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund by the Honourable JAMES MICHAEL FLAHERTY, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. International Monetary Fund (Washington) 16 April 2011. Date of Access: 7 March 2012. <http://www.imf.org/External/spring/2011/imfc/statement/eng/can.pdf>.

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other IMF members to do the same in a timely manner.”<sup>887</sup> In support of the IMF governance reforms, Mr. Flaherty stated his ideals that “all IMF members should carry out the necessary steps to ratify the 2010 agreement in a timely manner” and that “Canada, Ireland and our Caribbean constituents have begun this process” in ensuring their deliverance on their IMF commitments.

On 21 April 2012, Mr. Flaherty reported that “countries in our constituency [Antigua and Barbuda, The Bahamas, Belize, Barbados, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent, and the Grenadines]” are progressing well towards the full implementations of the 2010 reforms by the indicated deadline.<sup>888</sup> Mr. Flaherty also reiterated Canada’s support for the ongoing process of quota review and assured that “over the coming year, [Canada] will be actively engaged in the review of the quota formula to ensure that the formula is a simple and transparent reflection of relative and evolving economic positions in the global economy while also protecting the voice and representation of the Fund’s poorest and smallest members.”

Canada was supportive of the previous 2008 round of the IMF reforms, accepting both the Amendment on Voice and Participation and the Amendment to Expand the Fund’s Investment Authority on 8 July 2009.<sup>889</sup>

With the realignment in quota shares, Canada will experience a decrease in quota shares from a pre-Singapore level of 2.98% and a post-Second Round level of 2.672% to a new level of 2.313%.<sup>890</sup> Canada will no longer remain one of the top ten largest shareholders of the IMF: it will slip from a pre-Singapore position as eighth largest IMF shareholder to that of eleventh largest IMF shareholder.<sup>891</sup> Canada will also see its voting shares decrease from a pre-Singapore level of 2.928% and a post-Second Round level of 2.554% to a new level of 2.215%.<sup>892</sup>

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<sup>887</sup> Statement prepared for the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund by the Honourable JAMES MICHAEL FLAHERTY, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines, International Monetary Fund (Washington) 24 September 2011. Date of Access: 7 March 2012.

<http://www.imf.org/External/AM/2011/imfc/statement/eng/can.pdf>.

<sup>888</sup> Statement by the Honourable James Michael Flaherty, Minister of Finance for Canada, on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012.

<http://www.imf.org/External/spring/2012/imfc/statement/eng/can.pdf>.

<sup>889</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>890</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>891</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>892</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

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The Government of Canada has not formally accepted the shifting of the quota shares and the re-shuffling of the Executive Board. Thus Canada is awarded a score of -1.

*Analysts: Michelle Lee and Vera Gavrilova*

**China: +1**

China has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. China has officially accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>893</sup>

As of 13 December 2011, China had officially accepted both the shift in quota shares and the re-shuffling of the Executive Board. The Government of China agreed to a very sharp increase in quota shares: it held a pre-Singapore level of 2.98% and a post-Second Round level of 3.996% and, in accordance with the 2010 reform, it will now hold 6.394%.<sup>894</sup> This is slated to be the largest increase among all IMF members.<sup>895</sup> With the realignment in quota shares, China will be the third largest IMF shareholder behind the United States and Japan, climbing from a pre-Singapore position of ninth largest IMF shareholder and a Post Second Round position of sixth largest IMF shareholder to a new position of third largest IMF shareholder.<sup>896</sup> China will also experience a sharp increase in its voting shares which will increase from a pre-Singapore level of 2.928% and a post-Second round level of 3.806% to a new level of 6.071%.

On 23 September 2011, at the Annual Meetings with the World Bank and International Monetary Fund, Governor of the Bank for the People's Republic of China Xie Xuren spoke in support of the IMF reforms: "[... the] IMF should continue to improve its quota and governance structure. As an international institution based on quota, IMF must put the 2010 quota reform package into effect as soon as possible [...]."<sup>897</sup>

On 16 April 2011, Deputy Governor of People's Bank of China Yi Gang endorsed the 2010 round of the IMF reforms and called upon other country members of the IMF to ratify the reforms as soon as possible: "Increasing the voice and representation of emerging and developing economies in the Fund's decision-making and management is an important part of the Fund's governance reform, and also the general consensus of its member countries. The adoption of the Fund's 2010 quota and governance reform is a breakthrough. We call on all member countries to accelerate their approval process to make sure that these reforms could take effect prior to next

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<sup>893</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>894</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>895</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>896</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>897</sup> Governor Statement No. 14 by Hon. XIE XUREN, Governor of the PEOPLE'S REPUBLIC OF CHINA at the 2011 Annual Meetings, World Bank, International Monetary Fund (Washington) 23 September 2011. Date of Access: 7 March 2012. <http://www.imf.org/external/am/2011/speeches/pr14e.pdf>.

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year's Annual Meetings, and urge that the Fund continue to make substantive progress in reforming other parts of its governance, including the merit-based selection of the Management."<sup>898</sup>

On 9 November 2011, in an address to the 2011 International Finance Forum in Beijing, Managing Director of the International Monetary Fund the Hon. Christine Lagarde spoke in support of the China's increase in shareholder position as an integral part of global economy, "[stressing] the importance of IMF governance reforms" in which its changes led to China holding a position in the top three shareholders.<sup>899</sup>

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.<sup>900</sup>

After the 2010 reform package was introduced on 5 November 2010, then IMF Managing Director Dominique Strauss-Kahn stated that the Chinese Government was "willing to have this position" and that it was "willing to be better represented in the IMF... [thus showing] they do care about multilateral institutions."<sup>901</sup>

China has previously stated its dissatisfaction with the governance of the IMF. More specifically, on 24 May 2011, China, alongside Brazil, Russia and India, released a statement demanding the abandon of the "obsolete unwritten convention" which stipulates that the IMF Managing Director must be European.<sup>902</sup>

China was supportive of the previous 2008 round of IMF reforms, having accepted both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 29 June 2009.<sup>903</sup>

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<sup>898</sup> Statement of Yi Gang Deputy Governor, People's Bank of China, on behalf of People's Republic of China at the Twenty-Third Meeting of the International Financial and Monetary Committee, International Monetary Fund (Washington) 16 April 2011. Date of Access: 11 March 2012. <http://www.imf.org/External/spring/2011/imfc/statement/eng/chn.pdf>.

<sup>899</sup> An Address to the 2011 International Finance Forum By Christine Lagarde, International Monetary Fund (Beijing) 9 November 2011. Date of Access: 11 March 2012. <http://www.imf.org/external/np/speeches/2011/110911.htm>.

<sup>900</sup> Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012. <http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html>.

<sup>901</sup> Transcript of a Press Briefing on IMF reforms by the Hon. DOMINIQUE STRAUSS-KAHN, Managing Director of the International Monetary Fund, International Monetary Fund (Washington) 5 November 2010. Date of Access: 7 March 2012. <http://www.imf.org/external/np/tr/2010/tr110510.htm>.

<sup>902</sup> Statement by the IMF Executive Directors Representing Brazil, Russia, India, China and South Africa on the Selection Process for Appointing an IMF Managing Director, International Monetary Fund (Washington) 24 May 2011. Date of Access: 7 March 2012. <http://www.imf.org/external/np/sec/pr/2011/pr11195.htm>.

<sup>903</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

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China has accepted both the shift in quota shares and the re-shuffling of the Executive Board. China is thus awarded a score of +1.

*Analyst: Michelle Lee*

**France: +1**

France has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. France has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>904</sup>

As of 13 December 2011, France had officially agreed to both the shift in quota shares and the governance reform. Most specifically, France agreed to a decrease in its quota shares from a pre-Singapore level of 5.024% and a post-Second Round level of 4.505% to a new level of 4.228%.<sup>905</sup> This decrease results from a transfer of 5 basis points or 0.05% in quota shares to Spain; the cost of which is equally borne out by France, Germany, Italy and the United Kingdom. France's new quota shares will amount to SDR20 million, and, as a result of the substantial increase in China's quota shares, which will propel China to the rank of third largest IMF shareholder, France will slip from its position as fourth largest IMF shareholder to that of fifth largest IMF shareholder.<sup>906</sup> France also consented to a decrease in its voting shares from a pre-Singapore level of 4.929% and a post-Second Round of 4.286% to a new level of 4.025%.<sup>907</sup>

On 8 October 2010, then French Minister of Finance Christine Lagarde explained France's take on the reforms: "To be acceptable to everyone, quota reform must be fair. As I have said, France is prepared to do its part to bring about greater representation for dynamic emerging countries among the Fund's shareholders. What France and Europe are *not* prepared to do is to serve as an "adjustment variable" in an arrangement that disregards economic realities, that fails to establish principles that apply to all and that all apply. To put it bluntly, the reform cannot and must not generate new imbalances by turning the over-represented countries of today into the under-represented countries of tomorrow." Ms. Lagarde also said that the "quota reform is not all there is to governance reform. To enhance the long-term legitimacy, credibility and efficiency of the Fund, we must make sure that the Governors be more involved with IMF governance and operations. That, in my opinion, means granting the IMFC [International Monetary Fund Council] decision-making powers."<sup>908</sup>

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<sup>904</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.  
<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>905</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.  
<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>906</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.  
<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>907</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.  
<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>908</sup> Statement by the Hon. Christine Lagarde, Governor of the Fund and the Bank for France, International Monetary Fund (Washington) 8 October 2010. Date of Access: 7 March 2012.  
<http://www.imf.org/external/am/2010/speeches/pr36e.pdf>.

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On 6 July 2011, Former French Minister of Finance and newly instituted IMF Managing Director Christine Lagarde assured IMF First Deputy Managing Director John Lipsky of France's intent to accept the reforms: "Before I left France, I made sure our quota increase was duly wrapped up in the parliamentary process and approved by my parliament. So we must complete the 2010 reform, and governance and quotas must be adjusted to reflect the new architecture of the world."<sup>909</sup>

On 7 November 2011, a communiqué published by the French Ministry of International Affairs described the G20 decision to increase IMF funds as "unanimously welcomed."<sup>910</sup>

France was supportive of the previous round of the IMF reforms, duly consenting to the 2008 round of the IMF reforms, the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 17 October 2008.<sup>911</sup>

On 13 October 2008, five days prior France consented to the quota shares and governance reform, Ms. Lagarde, then French Minister of Finance, expressed support of the reform of the IMF governance and the re-working of the quota shares: "The IMF [...] has continued to apply its ambitious reform agenda that we fully support. The agreements found between Member States in the first half of this year on the reform of the IMF quotas and voting shares on the one hand, on the new income model on the other hand, were great achievements."<sup>912</sup>

On 21 April 2012, François Baroin, Minister for the Economy, Finance, and Industry of France, stressed the need of the IMF to verify its legitimacy "the eyes of its Member States" with a "swift" implementation of the reform.<sup>913</sup> Mr. Baroin also announced that France has done its part and fully ratified the reform.

France has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and is thus awarded a score of +1.

*Analyst: Vera Gavrilova*

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<sup>909</sup> Transcript of a Press Conference by International Monetary Fund Managing Director Christine Lagarde with First Deputy Managing Director John Lipsky and External Relations Director Caroline Atkinson, International Monetary Fund (Washington) 6 July 2011. Date of Access: 7 March 2012. <http://www.imf.org/external/np/tr/2011/tr070611.htm>.

<sup>910</sup> Cannes G20 Summit: Communiqué issued following the Council of Ministers' meeting, The French Ministry of International Affairs (Paris) 4 November 2011. Date of Access: 5 March 2012.

<https://pastel.diplomatie.gouv.fr/editorial/actual/ael2/bulletin.gb.asp?liste=20111108.gb.html&sbmit=consulter>.

<sup>911</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>912</sup> Statement by the Hon. Christine Lagarde, Governor of the Fund and the Bank for France, at the Joint Annual Discussion, International Monetary Fund (Washington) 18 October 2008. Date of Access: 5 March 2012. <http://www.imf.org/external/am/2008/speeches/pr20e.pdf>.

<sup>913</sup> Statement by François Baroin, Minister for the Economy, Finance and Industry, France, at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 3 May 2012. <http://www.imf.org/External/spring/2012/imfc/statement/eng/fra.pdf>.

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## Germany: +1

Germany has made progress on its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Germany has declared its intent to accept both the shifting of the quota shares and the re-shuffling of the Executive Board.

As of now, Germany has not officially consented to the shift in quota shares and the governance reform. The Government of Germany has however expressed its formal support of the reform measures.

On 23 September 2011, Germany's favourable stance on the IMF reforms was made evident by Governor of the IMF for Germany Jens Weidmann's comments: "Germany has started the necessary legislative process to ratify the seventh amendment of the Articles of Agreement and prepares in this context her consent to the sizeable quota increase under the 14th General Review of quotas, which will be completed in spring 2012."<sup>914</sup> The Hon. Weidmann continued: "A fair representation of all members is crucial for the legitimacy of the Fund. In our view the 2008 quota and voice reform as well as the quota adjustments under the 14th General Review of Quotas have achieved a fair balance of the quota and voting shares of the various member countries in the IMF."

On 16 April 2011, Germany's Minister of Finance Wolfgang Schäuble also endorsed the IMF reforms by stating: "Germany welcomes the progress in implementing the IMF reform agenda [and] is fully committed to support the overall goal of the IMF reform, i.e. to strengthen the Fund's legitimacy and effectiveness."<sup>915</sup>

However sanctioned by both the minister of finance and the governor of the Fund for Germany, the reforms have yet to be ratified by the Bundestag — the German parliament.<sup>916</sup> As the economic powerhouse of the Eurozone, Germany has led the resolution efforts of the Eurozone debt crisis and austerity talks in parliament succeeded in overshadowing all discussions on the ratification of the IMF reform.<sup>917</sup> As of 19 March 2011, the prospects of ratification remain uncertain.

On 20 April 2012, at a one-to-one meeting, Japanese Finance Minister Jun Azumi called on Mr. Schäuble to exercise leadership and rush the Bundestag to ratify the IMF reform as soon as

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<sup>914</sup> Statement by the Hon. Jens Weidmann, Governor of the Fund for Germany, International Monetary Fund (Washington) 23 September 2011. Date of Access: 7 March 2012. [www.imf.org/external/am/2011/speeches/pr26e.pdf](http://www.imf.org/external/am/2011/speeches/pr26e.pdf).

<sup>915</sup> Statement by Wolfgang Schäuble Federal Minister of Finance, Bundesministerium der Finanzen, Germany on behalf of Germany, International Monetary Fund (Washington) 16 April 2011. Date of Access: 7 March 2012. [www.imf.org/external/spring/2011/imfc/statement/eng/deu.pdf](http://www.imf.org/external/spring/2011/imfc/statement/eng/deu.pdf).

<sup>916</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 7 March 2012. [www.imf.org/external/np/pp/eng/2011/121311.pdf](http://www.imf.org/external/np/pp/eng/2011/121311.pdf).

<sup>917</sup> No drama, but a whole heap of uncertainty, The Economist (New York) 2 March 2012. Date of Access: 7 March 2012. <http://www.economist.com/blogs/charlemagne/2012/03/european-summit>.

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possible.<sup>918</sup> Mr. Azumi was quoted saying: “Germany bears grave responsibility; [and] I’d like Germany to meet expectations.”

The next day, on 21 April 2012, Mr. Schäuble reassured the international financial authorities present at a meeting of the International Monetary and Financial Committee (IMFC) of Germany’s intent to ratify the reform before the deadline: “In Germany, the parliamentary process for the acceptance of the governance reform is well underway and is expected to be completed in time by summer 2012.”<sup>919</sup>

Germany was supportive of the previous rounds of the IMF reforms: on 4 February 2009, Germany consented to both the Amendment on Voice and Participation and the Amendment to Expand the Fund’s Investment Authority.<sup>920</sup>

In accordance with the new realignment of quota shares, Germany will experience a decline in its quota shares from a pre-Singapore level of 6.086% and a post-Second Round level of 6.11% to a new level of 5.588%.<sup>921</sup> This decrease results from a transfer of 5 basis points or 0.05% in quota shares to Spain; the cost of which is equally borne out by France, Germany, Italy and the United Kingdom. Furthermore, as a result of the substantial increase in China’s quota shares, China will replace Germany as third largest IMF shareholder and Germany will slip to the position of fourth largest IMF shareholder.<sup>922</sup> Germany’s voting shares are also expected to decrease from a pre-Singapore level of 5.968% and a Post Second Round level of 5.803% to a new level of 5.31%.<sup>923</sup>

The impending transfer of two chairs on the Executive Board from the EU to the emerging market and developing countries (EMDCs) as well as the shift to an all-elected Executive Board, which will spell the end of the appointed Executive Directors who represent the top strata of the IMF Board and have historically been awarded to the member countries holding the five largest IMF quotas, are expected to undermine Germany’s position of major shareholder of the IMF.<sup>924</sup>

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<sup>918</sup> Japan Pushes Germany To Ratify IMF Reform In Time, The Wall Street Journal (New York) 20 April 2012. Date of Access: 4 May 2012. <http://online.wsj.com/article/BT-CO-20120420-714934.html>.

<sup>919</sup> Statement by Wolfgang Schäuble Federal Minister of Finance, Bundesministerium der Finanzen, Germany on behalf of Germany, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. [www.imf.org/External/spring/2012/imfc/statement/eng/deu.pdf](http://www.imf.org/External/spring/2012/imfc/statement/eng/deu.pdf).

<sup>920</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>921</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>922</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>923</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>924</sup> No drama, but a whole heap of uncertainty, The Economist (New York) 2 March 2012. Date of Access: 7 March 2012. <http://www.economist.com/blogs/charlemagne/2012/03/european-summit>.

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Germany has declared its intent to accept both the shift in quota shares and the re-shuffling of the Executive Board as well as stated its plan to ratify the reforms in the near future. Thus Germany is awarded a score of +1.

*Analyst: Vitali Selivanov*

**India: +1**

India has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. India has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>925</sup>

On 26 October 2011, at a meeting chaired by Prime Minister Manmohan Singh, the Union Cabinet ratified an increase in India's quota shares from a post-Second Round level of 2.442% to a new level of 2.751%.<sup>926</sup> India's quota is slated to rise from SDR5821 million to SDR13,114 million,<sup>927</sup> allowing India to climb from its Post-Second Round position as eleventh largest IMF shareholder to its new position as eight largest IMF shareholder.<sup>928</sup> India will be one of four EMDCs to earn a spot in the top 10 of the largest IMF shareholders. The 2010 IMF Reform will also boost India's voting shares to 2.629% from a pre-Singapore level of 1.916% and a post-Second Round level of 2.337%.

Expressing his satisfaction with and his support of the reforms, Indian Information and Broadcasting Minister and Spokesperson Ambika Soni said to the press after the Union Cabinet meeting: "When the Fourteenth General Review of Quotas becomes effective, it will result in a major realignment of quota shares among members to better reflect the global realities. All the BRIC countries would now be among the ten largest quota shareholders at the IMF."<sup>929</sup>

On 23 September 2011, Governor of the Bank and the Fund for India Pranab Mukherjee spoke supportively of the quota reform: "[We] should continue to pay attention to implementing the 2010 quota reforms quickly."<sup>930</sup>

On 20 March 2012, on her visit to the country, Ms. Lagarde welcomed "that India has approved its participation in the IMF's 2010 Quota and Governance Reforms" and expressed the Fund's

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<sup>925</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>926</sup> Increase in India's quota in the International Monetary Fund, The Priest India (New Delhi) 26 October 2011. Date of Access: 21 February 2012. <http://www.thepriest.in/2011/10/increase-in-indias-quota-in.html>.

<sup>927</sup> Government nod to up India's quota in IMF to 2.75%, The Tribune Edition India (Chandigarh) 25 October 2011. Date of Access: 21 February 2012.

<http://www.tribuneindia.com/2011/20111026/biz.htm#7>.

<sup>928</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>929</sup> Cabinet okays increase in India's quota in IMF, The Times of India (New Delhi) 26 October 2011. Date of Access: 11 March 2012. [http://articles.timesofindia.indiatimes.com/2011-10-26/india/30323801\\_1\\_round-of-quota-review-quota-share-cabinet-okays](http://articles.timesofindia.indiatimes.com/2011-10-26/india/30323801_1_round-of-quota-review-quota-share-cabinet-okays).

<sup>930</sup> Statement by the Hon. PRANAB MUKHERJEE, Governor of the Bank and the Fund for INDIA, International Monetary Fund (Washington) 23 September 2011. Date of Access: 11 March 2012. <http://www.imf.org/external/am/2011/speeches/pr11e.pdf>.

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“appreciation for India’s role as an important voice to the world on behalf of the interests of emerging and developing economies.”<sup>931</sup>

On 21 April 2012, Mr. Mukherjee repeatedly called upon the IMF members to adhere to the timeline for completing the reform despite the “little consensus on the way forward [and] wide divergences in positions by members.”<sup>932</sup>

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.<sup>933</sup> The BRICS group appeared especially frustrated with the United States, the largest contributor to the Fund’s resources, delaying the ratification of the reform.<sup>934</sup>

India has previously stated its dissatisfaction with governance of the IMF. Specifically, on 24 May 2011, the Government of India along with those of Brazil, Russia and China released a statement demanding the abandon of the “obsolete unwritten convention,” which stipulates that the IMF Managing Director must be European.<sup>935</sup>

India was supportive of the previous 2008 round of IMF reforms, accepting the Amendment on Voice and Participation on 30 November 2008.<sup>936</sup>

India has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board. Thus India is awarded a score of +1.

*Analyst: Jessica Coper*

#### **Indonesia: 0**

Indonesia has partially complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Indonesia has accepted the shifting of the quota shares but has not consented to the re-shuffling of the Executive Board.<sup>937</sup>

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<sup>931</sup> IMF Managing Director Visits India, Meets Prime Minister Manmohan Singh and Participates in India-China Conference India, International Monetary Fund (Washington) 20 March 2012. Date of Access: 3 May 2012. <http://www.imf.org/external/np/sec/pr/2012/pr1295.htm>.

<sup>932</sup> Statement by Pranab Mukherjee, Minister of Finance, at the 25th meeting of International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 24 April 2012.

<http://www.imf.org/External/spring/2012/imfc/statement/eng/ind.pdf>.

<sup>933</sup> Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012.

<http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html>.

<sup>934</sup> G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 4 May 2012. <http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420>.

<sup>935</sup> Statement by the IMF Executive Directors Representing Brazil, Russia, India, China and South Africa on the Selection Process for Appointing an IMF Managing Director, International Monetary Fund (Washington) 24 May 2011. Date of Access: 7 March 2012.

<http://www.imf.org/external/np/sec/pr/2011/pr11195.htm>.

<sup>936</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

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In September 2011, Indonesia welcomed the IMF as an important partner and declared its commitment to extend their cooperation.<sup>938</sup> In March 2012, the government of Indonesia expressed its willingness to increase its funds in the IMF as a countermeasure to the financial crisis.<sup>939</sup> According to the IMF as of 12 June 2012, Indonesia had officially accepted the shift in quota shares but has not accepted the IMF Board reform.

Indonesia was supportive of the previous 2008 round of IMF reforms, accepting both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 1 June 2010.<sup>940</sup>

Indonesia's percentage of quota shares is slated to slightly increase from its pre-Singapore level of 0.973 and its post-Second Round level of 0.872 to now stand at 0.975. As for Indonesia's percentage of voting shares, it will slightly decrease from its pre-Singapore level of 0.964, but increase from its post-Second Round level of 0.854 to now reach 0.951.<sup>941</sup>

Indonesia has accepted the 2010 quota but has not consented to the governance reforms. Thus Indonesia is awarded a score of 0.

*Analyst: Jessica Coper*

#### **Italy: +1**

Italy has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Italy has ratified the new quota shares reform and accepted the reshuffling of the Executive Board.

As of 12 June 2012, Italy has consented to both the quota shares realignment and the governance reform of the IMF.<sup>942</sup>

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<sup>937</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>938</sup> Asia and the IMF, International Monetary Fund (Washington) 13 September 2011. Date of Access: 4 March 2012. <http://www.imf.org/external/np/exr/facts/asia.HTM>.

<sup>939</sup> Government Willing to Boost IMF Funds to Save the World Economy, Ministry of Finance (Jakarta) 1 March 2012. Date of Access: 4 March 2012.

[http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=22757&thn=2012&name=ne\\_010312\\_4.htm](http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=22757&thn=2012&name=ne_010312_4.htm).

<sup>940</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>941</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>

<sup>942</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>

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On 16 April 2011, at the Twenty-Third Meeting of the International Monetary and Financial Committee, Mr. Tremonti welcomed the fact that “the 2010 reform package will further align representation in the IMF with global economic realities.”

On 21 April 2012, Italy’s Minister of Economy and Finance Vittorio Grilli criticized the IMF members for the lack of actions on the reform.<sup>943</sup> Mr. Grilli warned the members that “despite some progress in the implementation of the 2010 quota and governance reform, [they were] still far from the objective of finalizing it by the time of the next Annual Meetings.” As Italy has already ratified the reform, Mr. Grilli called “more efforts” from the remaining members of the Fund that have not consented.

Once the 2010 quota reform effective, Italy will a decline in its quota shares from a pre-Singapore high of 3.301% and a post-Second Round high of 3.306 to a new level of 3.162%.<sup>944</sup> This decrease results from the voluntary redistribution of 5 basis points of quota shares to Spain made in equal parts by France, Germany, Italy, and the United Kingdom.<sup>945</sup> Even with the 2010 realignment in quota shares, Italy will remain among the ten largest shareholders of the IMF, but it will slip from sixth largest IMF shareholder to seventh largest IMF shareholder.<sup>946</sup> Italy will also experience a decline in its voting shares from a pre-Singapore level of 3.242% and a post-Second Round level of 3.154% to a new level of 3.017%.

Italy has asserted the intent to ratify the shifting of the quota shares, but has declared no intent to consent to the governance reform. Thus Italy is awarded a score of 0.

*Analysts: Michelle Lee and Vera Gavrilova*

### **Japan: +1**

Japan has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Japan has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.

As of 13 December 2011, Japan had accepted both the shifts in quota shares and the re-shuffling of the Executive Board. It will now hold 6.466% of quota shares, which correspond to an increase from its pre-Singapore level of 6.228%, but a decrease from its post-Second Round level of

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<sup>943</sup> Statement by Vittorio Grilli, Minister of Economy and Finance, Ministero dell’Economia e delle Finanze, Italy On behalf of Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste at the Twenty-Fifth Meeting of the International Financial and Monetary Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012. <http://www.imf.org/External/spring/2012/imfc/statement/eng/ita.pdf>

<sup>944</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>

<sup>945</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>

<sup>946</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>

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6.556%, and 6.14% of voting shares, which correspond to an increase from its pre-Singapore level of 6.108%, but a decrease from its post-Second Round level of 6.225%.<sup>947</sup>

On 24 September 2011, Minister of Finance of Japan and Governor of the IMF for Japan Jun Azumi stressed Japan's commitment to the IMF and the 2010 reforms. In his speech to the International Monetary and Financial Committee, Mr. Azumi reminded that Japan was the very first IMF country member to consent to the 2010 quota increase. Mr. Azumi also urged "faster progress from countries that have not completed their procedures to approve the quota increase and the amendment of the Fund's Articles of Agreement."<sup>948</sup>

On 16 January 2012, at the Asian Financial Forum, David Lipton, First Deputy Managing Director for International Monetary Fund Hong Kong, accentuated the importance of the reforms to the countries of Asia: "The IMF passed an important package of quota and voice reforms, through which emerging Asia's representation in the Fund will increase by 27%. Thanks to the reform there will be three Asian economies (China, Japan and India) among the ten largest shareholders in the Fund, with Japan and China being the second and third largest members respectively."

On 21 April 2012, Mr. Azumi spoke of Japan's active involvement in global financial governance and support of the functions of the IMF.<sup>949</sup> Mr. Azumi illustrated his statement by pointing out that Japan has completed parliamentary procedures in support of the IMF reform. Mr. Azumi also spoke of the IMF staff diversity and, specifically, Japan's willingness to take on further responsibility in governance of the Fund: "Japan is ready to make as much of a contribution to the Fund in terms of human resources as in terms of financial resources."<sup>950</sup>

In the meantime, Japan actively advocates for other IMF member countries to take action on the IMF reform. Thus, on 25 April 2012, Mr. Azumi assured the Japanese media of Japan's intentions to "try to convince the United States" to consent to the reform.<sup>951</sup> Additionally, on 20 April 2012, at a one-to-one meeting, Mr. Azumi called on Germany's Minister of Finance Wolfgang Schäuble to exercise leadership and rush the Bundestag to ratify the IMF reform as soon as possible.<sup>952</sup> Mr. Azumi was quoted saying: "Germany bears grave responsibility; [and] I'd like Germany to meet expectations."

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<sup>947</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>

<sup>948</sup> Statement by Jun Azumi, Minister of Finance, Ministry of Finance, Japan On behalf of Japan, International Monetary Fund (Washington) 24 September 2011. Date of Access: 7 March 2012.

<http://www.imf.org/External/AM/2011/imfc/statement/eng/jpn.pdf>.

<sup>949</sup> Statement by Jun Azumi, Minister of Finance, Ministry of Finance, Japan On behalf of Japan, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012.

<http://www.imf.org/External/spring/2012/imfc/statement/eng/jpn.pdf>.

<sup>950</sup> Statement by Jun Azumi, Minister of Finance, Ministry of Finance, Japan On behalf of Japan, International Monetary Fund (Washington) 21 April 2012. Date of Access: 28 April 2012.

<http://www.imf.org/External/spring/2012/imfc/statement/eng/jpn.pdf>.

<sup>951</sup> Japan to keep U.S. thinking about IMF reforms: Azumi, The Japan Times (Kyodo) 25 April 2012. Date of Access: 4 May 2012. <http://www.japantimes.co.jp/text/nb20120425a1.html>.

<sup>952</sup> Japan Pushes Germany To Ratify IMF Reform In Time, The Wall Street Journal (New York) 20 April 2012. Date of Access: 4 May 2012. <http://online.wsj.com/article/BT-CO-20120420-714934.html>.

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In October 2012, the IMF will hold its annual meeting together with the World Bank Group in Tokyo. It is the 60th anniversary of Japan joining the IMF and World Bank Group.<sup>953</sup>

In 2009, the Japanese government granted a credit line worth USD100 billion for the IMF to mobilize funds amid the global financial turmoil of 2008. On 17 April 2012, Mr. Azumi announced the Japanese authorities' intention to contribute USD 60 billion in additional resources to the IMF in order to strengthen the adequacy of the global resources available to prevent and fight crises and to promote global economic stability.<sup>954</sup>

Japan has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and hence has fully complied with the commitment on the 2010 quota and governance reform. Thus Japan is awarded a score of +1.

*Analyst: Vitali Selivanov*

### **Korea: +1**

Korea has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Korea has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>955</sup>

As of 13 December 2011, Korea had accepted both the increases in quota shares and the governance reform. By consenting to the quota reforms, Korea has accepted an increase in its quota shares from a pre-Singapore level of 0.764% and a 2008 post-Second Round level of 1.412% to a new level of 1.80%. The increase of 0.39% from the 2008 post-Second Round level is the third largest amongst the IMF country members, propelling Korea to the new position of sixteenth largest IMF shareholder. At the same time, Korea's voting shares will increase from a pre-Singapore level of 0.76% and a post-Second Round level of 1.364% to a new level of 1.731%.<sup>956</sup>

On 23 September 2011, at the 2011 Annual Meetings of the International Monetary Fund and the World Bank Group, the Honorable Jaewan Bahk, the Governor of the Bank and the Fund for the Republic of Korea, upheld the quota and governance reforms of the IMF as "historical achievements."<sup>957</sup>

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<sup>953</sup> Strengthening the Asia/IMF Relationship in a Highly Uncertain Global Environment, International Monetary Fund (Washington) 16 January 2012. Date of Access: 7 March 2012. <http://www.imf.org/external/np/speeches/2012/011612.htm>.

<sup>954</sup> Japan eyes \$50 bil. loans to IMF to address Eurozone crisis, The Mainichi Daily News (Tokyo) 23 February 2012. Date of Access: 7 March 2012. <http://mdn.mainichi.jp/mdnnews/business/news/20120223p2g00m0bu152000c.html>.

<sup>955</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>956</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>957</sup> Statement by the Hon. JAEWAN BAHK, Governor of the Bank and the Fund for the REPUBLIC OF KOREA, at the 2011 Annual Meetings of the IMF and the WBG, International Monetary Fund (Washington) 23 September 2011. Date of Access: 12 March 2012. <http://www.imf.org/external/am/2011/speeches/pr24e.pdf>.

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Korea was supportive of the previous round of the IMF reforms, consenting to the 2008 round of the IMF reforms — the Amendment on Voice and Participation and the Amendment to Expand the Fund’s Investment Authority — on 22 November 2009.<sup>958</sup>

On 9 October 2010, after officially endorsing the quota reforms, Korean Minister of Strategy and Finance Jeung-Hyun Yoon urged the IMF country members to ratify the reform as soon as possible. Mr. Yoon also reiterated Korea’s “consistent support for governance reforms to increase the traction of the Fund’s advice with policymakers, improve accountability and legitimacy to the membership, and improve the representation of dynamic emerging market economies at the Board in line with their global economic weight.” Finally, Mr. Yoon repeated Korea’s calls “to end the long-standing convention of European Managing Directors and clearly indicate the future appointments will be made purely on merit.”<sup>959</sup>

On 21 April 2012, Deputy Prime Minister and Treasurer of Australia Wayne Swan spoke on behalf of Korea at the Twenty-Fifth Meeting of the International Monetary and Financial Committee and reminded the financial heads that “[they] must look beyond [their] individual short term interests to maintain the momentum of IMF governance reform.”<sup>960</sup>

Korea has accepted both the shifting of the quota shares and the re-shuffling of the Executive Board and is thus awarded a score of +1.

*Analysts: Vera Gavrilova and Carolina Hartley*

**Mexico: +1**

Mexico has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Mexico has ratified the shifting of the quota shares and accepted the governance reform.<sup>961</sup>

On 14 May 2012, Mexico’s Senate ratified the 2010 IMF reform, approving a nearly USD7 billion increase in Mexico’s contributions to the IMF.<sup>962</sup> The Mexican Senate was first presented

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<sup>958</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>959</sup> Statement by Mr. Jeung-Hyun Yoon, Minister of Strategy and Finance, Republic of Korea to the International Monetary and Financial Committee 9 October 2010 On behalf of the constituency comprising Australia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Seychelles, Solomon Islands and Vanuatu at the Twenty-Second Meeting of the IMFC, International Monetary Fund (Washington) 9 October 2010. Date of Access: 12 March 2012. <http://www.imf.org/External/AM/2010/imfc/statement/eng/kor.pdf>.

<sup>960</sup> Statement by Mr. Wayne Swan Deputy Prime Minister and Treasurer of Australia On behalf of the constituency comprising Australia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, Uzbekistan and Vanuatu, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012. <http://www.imf.org/External/spring/2012/imfc/statement/eng/aus.pdf>.

<sup>961</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 12 June 2011. Date of Access: 15 June 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

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with a request from the federal government to double its quota contributions to the IMF on 14 December 2012.<sup>963</sup> The ratified reform will increase Mexico's quota shares from a pre-Singapore level of 1.21 percentage points to a new level of 1.869 percentage points, which is tantamount to a USD14 billion increase.<sup>964</sup> Mexico's increase is the fifth largest among the IMF member countries.<sup>965</sup>

At the same time, Mexico's voting shares are slated to increase from a pre-Singapore level of 1.196 percentage points and a post-Second Round level of 1.467 percentage points to a new level of 1.796 percentage points, but the Government of Mexico has not officially accepted the re-shuffling in voting shares nor has expressed intent to do so in the near future.<sup>966</sup>

On 20 April 2012, the financial leaders of the G20 pledged USD430 billion to the IMF emergency fund to be used if the Euro zone crisis worsens or global financial conditions deteriorate.<sup>967</sup> It was reported that the governments of large developing economies suggested to tie the additional funds to a larger role in governance of the Fund. However, Mexico's Deputy Finance Minister Gerardo Rodriguez said that the urgency of providing additional funds made such a tie impossible. Instead, Mr. Rodriguez called to adhere to the established timeline for revision of the governance reform, leaving any further discussions "for 2013 and 2014."<sup>968</sup> Bank of Mexico Governor Agustin Carsten added that "the decision to boost IMF resources will buy the euro zone some time to sort out the politics of what is left to be done."<sup>969</sup> Mr. Carsten maintained that "this will benefit the entire world, which is why you see countries doing this."

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<sup>962</sup> DECRETO por el que se reforma el Artículo 3o. del Decreto que autorizó al Ejecutivo Federal a firmar, en representación del Gobierno de México, el texto del Convenio sobre el Fondo Monetario Internacional., Secretaria de Gobernacion (Mexico) 14 May 2012. Date of Access: 15 June 2012. [http://dof.gob.mx/nota\\_detalle.php?codigo=5247279&fecha=14/05/2012](http://dof.gob.mx/nota_detalle.php?codigo=5247279&fecha=14/05/2012).

<sup>963</sup> Mexico Seeks Senate Approval To More Than Double IMF Quota, The Wall Street Journal (New York) 14 December 2011. Date of Access: 8 March 2012. <http://online.wsj.com/article/BT-CO-20111214-713513.html>.

<sup>964</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>965</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>966</sup> Mexico Seeks Senate Approval To More Than Double IMF Quota, The Wall Street Journal (New York) 14 December 2011. Date of Access: 8 March 2012. <http://online.wsj.com/article/BT-CO-20111214-713513.html>.

<sup>967</sup> I.M.F. Adds \$430 Billion in Emergency Lending Ability, The New York Times (New York) 20 April 2012. Date of Access: 4 May 2012. <http://www.nytimes.com/2012/04/21/business/global/imf-adds-430-billion-in-emergency-lending-ability.html>.

<sup>968</sup> UPDATE: Mexico Says IMF Funding Too Urgent To Be Tied To Reform, The Wall Street Journal (New York) 20 April 2012. Date of access: 4 May 2012. <http://online.wsj.com/article/BT-CO-20120420-714851.html>.

<sup>969</sup> Canada in the minority opposing more IMF firepower, The Globe and Mail (Washington) 23 April 2012. Date of Access: 25 April 2012. <http://www.theglobeandmail.com/report-on-business/international-news/canada-in-the-minority-opposing-more-imf-firepower/article2409991/>.

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Mexico has accepted the shifting of the quota shares and consented to the governance reform. Thus Mexico is awarded a score of +1.

*Analysts: Gaston Alegre, Vera Gavrilova and Alexandra Popa*

**Russia: 0**

Russia has partially complied with the commitment on the IMF reform.

According to the IMF as of 22 May 2012 Russia had consented to its proposed quota increase but had not accepted the Board Reform Amendment.<sup>970</sup> On 26 April 2012 the Russian Government introduced a draft law to accept the IMF Board Reform Amendment to the State Duma (Russian Parliament). Deputies had to submit their comments, proposals and remarks by 1 June 2012.<sup>971</sup>

Russia has accepted the increase of the quota shares but has not formally accepted the re-shuffling of the Executive Board yet. Thus, it has been awarded a score of 0.

*Analyst: Mark Rakhmangulov*

**Saudi Arabia: 0**

Saudi Arabia has made some progress on its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Saudi Arabia has accept the shifting of the quota shares but has not accepted the re-shuffling of the Executive Board.

According to the IMF as of 12 June 2012, Brazil had officially accepted the shift in quota shares but has not accepted the governance reform.<sup>972</sup>

In accordance with the proposed realignment of quota shares, Saudi Arabia will experience the largest decrease amongst IMF country members: a 0.85% decrease from its post- Second Round level as Saudi Arabia's quota shares decline from 2.93% to 2.08%. Furthermore, Saudi Arabia's voting shares will fall from a post-Second Round level of 2.799% to a new level of 1.995%.<sup>973</sup>

Currently, Saudi Arabia holds a chair on the Board of Executive Directors with the authority to appoint its Executive Director. The governance reform will overhaul this authority, introducing the election procedure for all Executive Directors.<sup>974</sup>

Saudi Arabia has neither declared its intent nor officially accepted either the shift in quota shares or the governance reforms. Thus Saudi Arabia is awarded a score of -1.

*Analysts: Vera Gavrilova and Carolina Hartley*

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<sup>970</sup> Acceptances of the Proposed Amendment of the Articles of Agreement on Reform of the Executive Board and Consents to 2010 Quota Increase, International Monetary Fund 22 May 2012. Date of access: 4 June 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>971</sup> Draft Law № 63279-6, Russian State Duma. Date of access: 4 June 2012. [http://asozd.duma.gov.ru/main.nsf/\(Spravka\)?OpenAgent&RN=63279-6](http://asozd.duma.gov.ru/main.nsf/(Spravka)?OpenAgent&RN=63279-6).

<sup>972</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 12 June 2012. Date of Access: 15 June 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>973</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>974</sup> G20 reaches agreement on 'historic' IMF reform, France24 (Paris) 23 October 2010. Date of Access: 12 March 2012. <http://www.france24.com/en/20101023-g20-reaches-agreement-%E2%80%99historic%E2%80%99-international-monetary-fund-reform-south-korea>.

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### **South Africa: 0**

South Africa has partially complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. South Africa has currently accepted the shifting of the 2010 quota reform.<sup>975</sup> However, South Africa has declared no intent to accept the re-shuffling of the Executive Board.

As of 13 December 2011, the Government of South Africa had accepted the shift in quota shares, but, as of now, it still has not officially accepted the governance reform. The 2010 quota shares reform will beget a 1.4 basis point decrease in South Africa's quota shares from their post-Second Round level as they decrease from 0.78 to a new level of 0.64. South Africa will also experience a decrease in voting shares from their post-Second Round level since they will slip from 0.77% to 0.63%.

On 24 September 2011, Ngozi Okonjo-Iweala, the Nigerian Coordinating Minister of the Economy and the Minister of Finance, spoke on behalf of the government of South Africa at the Twenty-Forth Meeting of the IFMC about the “historic reforms” of the IMF. Mr. Okonjo-Iweala invited “all members [of the IMF] to quickly consent to the respective quota shares increases to enable the increased quotas to become effective by December 31, 2011.” Additionally, Mr. Okonjo-Iweala welcomed “the agreement for the immediate start of the comprehensive review of the current quota formula and its completion by January 2013.” Mr. Okonjo-Iweala spoke extensively of the “critical” weakness of the quota formula and urged for its review. Mr. Okonjo-Iweala also pronounced the European countries’ decision to scale down their representation on the Executive Board by two chairs in favour of the EMDCs a “commendable development.” “It is in this spirit that we continue to pursue a third Chair for Sub-Saharan Africa at the Fund,” concluded Mr. Okonjo-Iweala.<sup>976</sup> The African Region Group (ARG) currently holds two chairs on the Executive Board and South Africa actively campaigns for the ARG to receive a third chair.<sup>977</sup>

In early November 2011, during the G20 Summit in Cannes, President of South Africa Jacob Zuma asserted that his “specific objective” was “to increase the voice and participation of sub-Saharan Africa and the creation of a third chair for sub-Saharan Africa.”<sup>978</sup>

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<sup>975</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>976</sup> Statement by Ngozi Okonjo-Iweala, Coordinating Minister of the Economy and Minister of Finance, Federal Ministry of Finance, Nigeria On behalf of Angola, Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe at the Twenty-Forth Meeting of the International Financial and Monetary Committee, International Monetary Fund (Washington) 24 September 2011. Date of Access: 11 March 2012. <http://www.imf.org/External/AM/2011/imfc/statement/eng/nga.pdf>.

<sup>977</sup> Statement by Pravin Gordhan, minister of finance on IMF reform, Mail and Guardian Online (Cape Town) 20 May 2011. Date of Access: 3 March 2012. <http://mg.co.za/printformat/single/2011-05-20-imf-should-be-more-representative/>.

<sup>978</sup> At G20 Zuma talks IMF reform again, Daily Maverick, 4 November 2011. Date of Access: 3 March 2012. <http://dailymaverick.co.za/article/2011-11-04-at-g20-zuma-talks-imf-reform-again>.

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On 22 September 2011, South Africa, along with the BRIC countries, expressed its concern with “the slow pace of quota and governance reforms in the IMF” and their implementation, which is “now lagging.” The BRICS also urged for the 15<sup>th</sup> General Review of Quota: “We must also move ahead with the comprehensive review of the quota formula by January 2013 and the completion of the next review of quotas by January 2014.”<sup>979</sup><sup>980</sup>

On 29 June 2011, following the appointment of Ms. Christine Lagarde as Managing Director of the IMF, South African Minister of Finance Pravin J. Gordhan expressed his confidence that Ms. Lagarde will continue to endorse the reforms of the IMF: “[The] reforms of the Fund’s quotas and governance in 2010 should be implemented at short notice, and a comprehensive review of the current quota formula should be approved.”<sup>981</sup>

On 11 November 2010, Mr. Gordhan welcomed the reform which will father a better representation of the emerging countries and give a louder voice to African countries.<sup>982</sup> Mr. Gordhan welcomed the six% shift in IMF voting rights from Europe to EMDCs and declared Africa’s hope for better representation on the IMF Executive Board of Directors: “[We] think that Africa needs to have three [chairs] on the IMF [Executive Board].”

On 21 April 2012, Mr. Gordhan spoke of “obvious democratic deficits in the institution” that stand in the way of the legitimacy of the IMF.<sup>983</sup> Mr. Gordhan expressed fear that South Africa is “destined” to lose more quota share in the upcoming 2013 round of the quota review, as it has been since 1978. Thus, Mr. Gordhan proclaimed that South Africa cannot be “counted upon to continue to support reforms that seek to legitimize the IMF, while simultaneously undermining representation of a large number of countries.” Lastly, Mr. Gordhan renewed his “long-lasting call for enhanced representation at the IMF Executive Board through a third chair” for the Sub-Saharan African countries.

On 29 March 2012, at the Fourth BRICS Summit in New Delhi, the five nations — Brazil, Russian, India, China, and South Africa — collectively demanded additional voting quotas from the Fund and expressed their dissatisfaction with the slow pace of the reform.<sup>984</sup> The BRICS

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<sup>979</sup> BRICS Finance Ministers’ Joint Communiqué, National Treasury (Pretoria) 22 September 2011. Date of Access: 21 February 2012.

[http://www.treasury.gov.za/comm\\_media/press/2011/BRICS%20Finance%20Ministers%20Communique%20-%20Washington%20DC%20-%20September%2022%202011.pdf](http://www.treasury.gov.za/comm_media/press/2011/BRICS%20Finance%20Ministers%20Communique%20-%20Washington%20DC%20-%20September%2022%202011.pdf).

<sup>980</sup> Intergovernmental Group Of Twenty-Four On International Monetary Affairs And Development Communiqué, International Monetary Fund (Washington) 22 September 2011. Date of Access: 3 March 2012. <http://www.imf.org/external/np/cm/2011/092211.htm>.

<sup>981</sup> Statement by Pravin Gordhan, minister of finance on the appointment of Mrs. Christine Lagarde as managing director of the IMF, Ministry of Finance of the Republic of South Africa (Pretoria) 29 June 2011. Date of Access: 3 March 2012.

[http://www.treasury.gov.za/comm\\_media/press/2011/2011062903.pdf](http://www.treasury.gov.za/comm_media/press/2011/2011062903.pdf).

<sup>982</sup> South Africa welcomes IMF steps to reform, SouthAfrica.info (Pretoria) 4 November 2010. Date of Access: 3 March 2012. <http://www.southafrica.info/news/international/imf-161110.htm>.

<sup>983</sup> Statement by Pravin J. Gordhan, Minister of Finance, at the 25<sup>th</sup> meeting of International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 24 April 2012.

<http://www.imf.org/External/spring/2012/imfc/statement/eng/zaf.pdf>.

<sup>984</sup> Brics Wants World Bank, IMF Reforms, The Wall Street Journal (New York) 29 March 2012. Date of Access: 4 May 2012.

<http://online.wsj.com/article/SB10001424052702303816504577311012331186378.html>.

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group appeared especially frustrated with the United States, the largest contributor to the Fund's resources, delaying the ratification of the reform.<sup>985</sup>

South Africa was supportive of the previous 2008 round of IMF reforms, accepting both the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 21 June 2010.<sup>986</sup>

South Africa has consented to the 2010 quota reform but has not accepted nor shown the intent to accept the governance reform. Thus South Africa is awarded a score of 0.

*Analyst: Jessica Coper*

**Turkey: +1**

Turkey has complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. Despite failing to officially accept the shift in quota shares and the governance reform yet, the Government of Turkey has expressed its clear intent to accept both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>987</sup>

On 23 September 2011, the Honorable Ali Babacan, the Deputy Prime Minister and Governor of the IMF for Turkey, formally sanctioned both IMF reforms and explained Turkey's stance on the reforms: "[...] we should pay attention to solving the long-lasting representation problem. This is a critical issue for the Fund's legitimacy. Therefore, we call for the timely completion of the 14th quota review in IMF and implementation of the envisaged restructuring at the Board of Executive Directors. We have achieved a significant success by approving these reforms. We should not undermine them by delaying their implementation. All the members should undertake their part to conclude much needed reforms."<sup>988</sup>

The topic of the IMF reforms was tabled for discussion in the Turkish parliament on 9 January 2012.<sup>989</sup> It also presently sits on the agenda of Turkey's General Assembly. Turkey's Foreign Relations Commission adopted the suggested reforms on 15 February 2012.

For Turkey, the quota reform will entail a quota shares increase from its pre-Singapore level of 0.451% to a new level of 0.977%, which corresponds to the fourth largest increase amongst IMF

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<sup>985</sup> G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012.

Date of Access: 4 May 2012. <http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420>.

<sup>986</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 5 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>987</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 11 March 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>988</sup> Statement by the Hon. Ali Babacan, Governor of the Fund for Turkey, International Monetary Fund (Washington) 23 September 2011. Date of Access: 11 March 2012. <http://www.imf.org/external/am/2011/speeches/pr08e.pdf>

<sup>989</sup> Turkey on the IMF quota and governance reforms, Today's Zaman (Istanbul) 16 March 2012. Date of Access: 5 May 2012. <http://www.todayszaman.com/columnist-274492-on-the-imf-quota-and-governance-reforms.html>.

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members,<sup>990</sup> and a voting shares increase from its pre-Singapore level of 0.453% to a new level of 0.953%.<sup>991</sup>

Turkey was supportive of the previous round of the IMF reforms, consenting to the previous 2008 round of the IMF reforms, the Amendment on Voice and Participation and the Amendment to Expand the Fund's Investment Authority on 10 June 2010.<sup>992</sup>

Turkey has expressed its intent to implement both the quota and the governance reforms of the IMF. It is thus awarded a score of +1.

*Analysts: Jordan Rivera and Vera Gavrilova*

### **United Kingdom: +1**

The United Kingdom has fully complied with its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF. The UK has ratified both the shifting of the quota shares and the re-shuffling of the Executive Board.<sup>993</sup>

On 16 April 2012, at the Twenty-Third Meeting of the IMFC, George Osborne, Chancellor of the Exchequer of Her Majesty's Treasury, stated the United Kingdom's support of the 2010 quota and governance reforms: "We welcome the entry into effect of the 2008 quota and governance reform and urge all members to ratify the 2010 reforms no later than the 2012 Annual Meetings." Mr. Osborne also reflected on the positive effects of the reforms on the future of the IMF: "These changes deliver greater quota and board representation to the dynamic emerging and developing countries and will provide more balanced representation on the IMF Board."<sup>994</sup>

In its statement, on 24 September 2011, at the Twenty-Fourth Meeting of the IMFC, Mr. Osborne said that the "historical" governance reform would ensure "that the IMF [remained] credible and legitimate, providing more balanced representation on the Executive Board and increasing the

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<sup>990</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>991</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 11 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>992</sup> Acceptances of the Proposed Amendments of the Articles of Agreement, International Monetary Fund (Washington) 6 January 2012. Date of Access: 11 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>993</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>994</sup> Statement by George Osborne Chancellor of the Exchequer, Her Majesty's Treasury, United Kingdom on behalf of United Kingdom at the Twenty-Third Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 16 April 2011. Date of Access: 8 March 2012.

<http://www.imf.org/External/spring/2011/imfc/statement/eng/gbr.pdf>.

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quota and representation of dynamic emerging and developing economies.” Mr. Osborne urged other IMF member countries to ratify the reforms “no later than the 2012 Annual Meetings.”<sup>995</sup>

On 20 April 2012, at the Twenty-Fifth Meeting of the IMFC, Mr. Osborne repeatedly endorsed the reform: “The UK has agreed the quota increase and ratified the Executive Board reforms in 2011 and would encourage those members who have not yet done so to do the same.”<sup>996</sup>

On the same day, Mr. Osborne announced that the UK has pledged additional GBP9.3 billion for the IMF’s emergency fund,<sup>997</sup> which is just below the funding limit that can be granted without a parliamentary vote.<sup>998</sup> The UK’s pledge, however, was made contingent on the United States ratifying the 2010 quota reforms.<sup>999</sup>

Following the quota shares redistribution, the United Kingdom’s will experience a decline in its quota shares from a pre-Singapore level of 5.024 percentage points and a post-Second Round level of 4.505 percentage points to a new level of 4.228 percentage points.<sup>1000</sup> This decline in quota shares results from a transfer of 5 basis points or 0.05% in quota shares to the underrepresented country of Spain; the cost of which is equally borne out by France, Germany, Italy and the United Kingdom<sup>1001</sup> As for the United Kingdom’s slip from its position of fifth largest IMF shareholder to sixth largest IMF shareholder, it can be attributed to China’s major gain of 2.39 percentage points in quota shares from its post-Second Round level, which propelled the country to the position of third largest IMF shareholder behind Japan and the United States.<sup>1002</sup> The United Kingdom will also experience a sharp decline in its voting shares from a

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<sup>995</sup> Statement by George Osborne Chancellor of the Exchequer, H.M. Treasury, United Kingdom on behalf of United Kingdom at the Twenty-Fourth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 24 September 2011. Date of Access: 8 March 2012. <http://www.imf.org/External/AM/2011/imfc/statement/eng/gbr.pdf>.

<sup>996</sup> Statement by George Osborne Chancellor of the Exchequer, United Kingdom On behalf of the United Kingdom at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 20 April 2012. Date of Access: 4 May 2012. <http://www.imf.org/External/spring/2012/imfc/statement/eng/gbr.pdf>.

<sup>997</sup> IMF doubles its lending firepower, BBC News (London) 20 April 2012. Date of Access: 4 May 2012. <http://www.bbc.co.uk/news/business-17790831>.

<sup>998</sup> Britain commits £9.3bn to IMF fund, The Financial Times (Washington) 20 April 2012. Date of Access: 24 April 2012. <http://www.ft.com/intl/cms/s/0/aaf81e68-8af9-11e1-bc84-00144feab49a.html>.

<sup>999</sup> United States curbs use of extra \$430bn of IMF firepower, The Telegraph (Washington) 21 April 2012. Date of Access: 5 May 2012. <http://www.telegraph.co.uk/finance/financialcrisis/9218915/United-States-curbs-use-of-extra-430bn-of-IMF-firepower.html>

<sup>1000</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>1001</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>1002</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012. <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

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pre-Singapore high of 4.929% and a post-Second Round level of 4.286% to a new level of 4.025%.<sup>1003</sup>

The United Kingdom has ratified both the shifting of the quota shares and the re-shuffling of the Executive Board, fully complying with the commitment. Thus the United Kingdom is awarded a score of +1.

*Analysts: Gaston Alegre, Vera Gavrilova and Alexandra Popa*

### **United States: -1**

The United States has not made progress on its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF.<sup>1004</sup> Thus far, the United States has not ratified either the shifting of the quota shares or the re-shuffling of the Executive Board,<sup>1005</sup> but it has declared its intent to consent to the governance reform.

On 24 September 2011, at the Twenty-Forth Meeting of the IMFC, Secretary of the Treasury of the United States Timothy F. Geithner sanctioned the governance reform of the IMF and formally declared its assent to the said reform: “[The United States] have agreed to enhance the legitimacy of the IMF through essential reforms to the Fund’s governance structure in order to better reflect the realities of today’s global economy.”<sup>1006</sup>

On 23 September 2011, at the 2011 Annual Meetings of the IMF and the WBG, Mr. Geithner highlighted the positive consequences of the reforms on the inner workings of the IMF: “We [the IMF country members] have made significant progress in strengthening the functioning of the IMF, including through agreements to reform the Fund’s governance structure and to increase its resources.”<sup>1007</sup>

On 21 April 2012, at the Twenty-Fifth Meeting of the IMFC, Mr. Geithner repeatedly endorsed the “full implementation of the reform of the Executive Board” describing it as “critical to

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<sup>1003</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>1004</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>1005</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund (Washington) 13 December 2011. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>1006</sup> Statement by Timothy F. Geithner Secretary of the Treasury United States of America at the Twenty-Fourth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 24 September 2011. Date of Access: 12 March 2012.

<http://www.imf.org/External/AM/2011/imfc/statement/eng/usa.pdf>.

<sup>1007</sup> Statement by the Hon. Timothy F. Geithner, Governor of the Bank and the Fund for the United States, International Monetary Fund (Washington) 23 September 2011. Date of Access: 12 March 2012. <http://www.imf.org/external/am/2011/speeches/pr31e.pdf>.

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improving the legitimacy and effectiveness of the Fund.”<sup>1008</sup> Mr. Geithner urged Europe to “move forward on Europe’s Board reform commitments in time for the 2012 Board election.”

Also at the Twenty-Fifth Meeting of the IMFC, an anonymous US official informed the media that although the United States welcomed the increased lending capacity of the IMF, they did not approve its tie to the altering of the voting shares.<sup>1009</sup> It was also explained that the United States supported the BRICS’ risen voting share but, again, did not agree with the accompanying attempt to boost the Fund’s resources.

In the meantime, other IMF members hope to pursue the US to take action on the IMF reform. Thus, on 25 April 2012, Minister of Finance of Japan and Governor of the IMF for Japan Jun Azumi assured the Japanese media of Japan’s intentions to “try to convince the United States” to consent to the reform.<sup>1010</sup> Moreover, Chancellor of the Exchequer of Her Majesty’s Treasury George Osborne announced that the UK’s pledge of GBP9.3 billion for the IMF’s emergency fund was contingent on the United States ratifying the 2010 quota reforms.<sup>1011</sup>

In alignment with the quota reform, the United States will experience the ninth largest decrease in its quota shares from a 2008 post-Second Round level of 17.67% to a new level of 17.428%. The voting shares of the United States will also decrease from a 2008 post- Second Round level of 16.727% to a new level of 16.498%. Although experiencing a sharp decline in its quota and voting shares, the United States will nevertheless remain the top shareholder of the IMF.<sup>1012</sup>

The United States currently holds a chair on the Board of Executive Directors with the authority to appoint its Executive Director. The governance reform will overhaul this authority, introducing the election procedure for all Executive Directors.<sup>1013</sup>

The United States has declared its intent to consent to the governance reform. However, the United States has not officially accepted the IMF reforms. Thus the United States is awarded a score of -1.

*Analysts: Vera Gavrilova and Carolina Hartley*

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<sup>1008</sup> Statement by Timothy F. Geithner Secretary of the Treasury United States of America at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012.

<http://www.imf.org/external/spring/2012/imfc/statement/eng/usa.pdf>.

<sup>1009</sup> HIGHLIGHTS-G20, IMF/World Bank meetings in Washington, Reuters (Washington) 21 April 2012. Date of Access: 5 May 2012. <http://www.reuters.com/article/2012/04/20/g-idUSL2E8FJJ9O20120420>.

<sup>1010</sup> Japan to keep U.S. thinking about IMF reforms: Azumi, The Japan Times (Kyodo) 25 April 2012. Date of Access: 4 May 2012. <http://www.japantimes.co.jp/text/nb20120425a1.html>.

<sup>1011</sup> United States curbs use of extra \$430bn of IMF firepower, The Telegraph (Washington) 21 April 2012. Date of Access: 5 May 2012.

<http://www.telegraph.co.uk/finance/financialcrisis/9218915/United-States-curbs-use-of-extra-430bn-of-IMF-firepower.html>.

<sup>1012</sup> IMF Quota and Governance Reform – Elements of an Agreement, International Monetary Fund (Washington) 31 October 2010. Date of Access: 5 March 2012.

<http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

<sup>1013</sup> G20 reaches agreement on ‘historic’ IMF reform, France24 (Paris) 23 October 2010. Date of Access: 12 March 2012. <http://www.france24.com/en/20101023-g20-reaches-agreement-%E2%80%99historic%E2%80%99-international-monetary-fund-reform-south-korea>.

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### **European Union: +1**

The European Union has made progress on its commitment to expeditiously implement in full the 2010 quota and governance reforms of the IMF since the European Union has declared its formal intent to accept both the shifting of the quota shares and the re-shuffling of the Executive Board.

On 19 December 2011, the finance ministers of the 27 European Union member countries jointly embraced the IMF reforms and formally declared the intent of each EU member country to ratify said reforms: “The EU will also work expeditiously to implement in full the 2010 quota and governance reform of the IMF. The EU would welcome G20 members and other financially strong IMF members to support the efforts to safeguard global financial stability by contributing to the increase in IMF resources so as to fill global financing gaps.”<sup>1014</sup>

On 24 September 2011, Deputy Prime Minister and Minister of Finance of Belgium Didier Reynders announced that the Board of Governors of the European Union had requested that the Executive Board of the IMF reviews the quota formula. The basis for the request was the notion that “[the] quota formula should be based on economic criteria that are relevant for the mandate of the Fund, [... which] concerns the inter-linkages between national economies.” Specifically, Mr. Reynders said that factors, such as a member’s financial openness as well as trade and financial inter-linkages, should be taken into consideration when determining the member’s quota.<sup>1015</sup>

On 21 April 2012, at the Twenty-Fifth Meeting of the IMFC, Danish Finance Minister Margrethe Vestager spoke on behalf of European Union Council of Economic and Finance Ministers and reiterated the European Union’s support of the reforms: “The EU Member States are aware of their responsibility in successfully implementing the 2010 IMF reform and are working on implementing it in full. [...] A number of EU Member States have already concluded national ratification procedures and the process is on-going in the remaining Member States. The process is projected to be completed by most Member States by mid-2012.”<sup>1016</sup> Ms. Vestager also confirmed that the European Union would give up two IMF board chairs this year as outlined by the governance reform.<sup>1017</sup> Vice President of the European Commission Olli Rehn corroborated

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<sup>1014</sup> Statement by EU Finance Ministers, Council of the European Union, 19 December 2011.

Date of Access: 11 March 2012.

[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ecofin/127062.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/127062.pdf)

<sup>1015</sup> Statement by Didier Reynders Deputy Prime Minister and Minister of Finance, Ministere des Finances, Belgium On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovak Republic, Slovenia, Turkey at the Twenty-Fourth Meeting of the IMFC, International Monetary Fund (Washington) 24 September 2011. Date of Access: 12 March 2012. <http://www.imf.org/External/AM/2011/imfc/statement/eng/bel.pdf>.

<sup>1016</sup> Statement by Margrethe Vestager, EU Council of Economic and Finance Ministers, at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of Access: 5 May 2012.

<http://www.imf.org/External/spring/2012/imfc/statement/eng/eucefm.pdf>.

<sup>1017</sup> G20 doubles IMF's war chest amid fears on Europe, Reuters (Washington) 20 April 2012. Date of Access: 5 May 2012. <http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420>.

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Ms. Vestager's words and verified that the process of ratification of the reforms by the European Union members is anticipated to be completed before the deadline.<sup>1018</sup>

The 27 member countries of the European Union have jointly expressed their intent to ratify both the quota and government reforms. The European Union is thus awarded a score of +1.

*Analysts: Jordan Rivera and Vera Gavrilova*

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<sup>1018</sup> Statement by Mr. Olli Rehn, Vice President of the European Commission, at the Twenty-Fifth Meeting of the International Monetary and Financial Committee, International Monetary Fund (Washington) 21 April 2012. Date of access: 5 May 2012.  
<http://www.imf.org/External/spring/2012/imfc/statement/eng/ec.pdf>.